

Internal Revenue Service

Department of the Treasury

EXHIBIT I

District
Director

Date: FEB 26 1987

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that your association, [REDACTED] was formed on [REDACTED] in the State of [REDACTED].

The purposes for which [REDACTED] was formed are as follows:

A. To promote the development and exchange of information, ideas and other such intangible items related to the family of [REDACTED] products marketed by [REDACTED] (The Manufacturer).

B. To provide a vehicle for the exchange of tangible items including, but not restricted to, software routines, training materials and documentation relating to the family of [REDACTED] products for the benefit of its member entities.

C. To inform [REDACTED] of the collective desires and interests of the member entities as they relate to the development and/or enhancement of any new or existing product.

D. To assist in the planning and conducting of the annual users conference sponsored by [REDACTED] or any similar activity where cooperation between the [REDACTED] and [REDACTED] is determined to be mutually beneficial.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 68-122, 1968-1 C.B. 263 it is held that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

In the case of National Muffler Dealers Association v. U.S. 440 U.S. 472 (1979) the court held that an association of a particular brand name of muffler dealers does not qualify for exemption because the association is not engaged in the improvement of business conditions of a line of business.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Since your organization is similar to the organization described in Revenue Ruling 68-182 and the National Muffler Dealers Association, in that it promotes a single brand or product (in this case [REDACTED] products marketed by [REDACTED]) and since your organization's primary activity appears to be performing particular services for members in that they are the only ones who benefit from the activities of your organization, your organization does not qualify for exempt status under 501(c)(6) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

[REDACTED]

~~District Director~~

Enclosure: Publication 892